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UNITED STATES BANKRUPTCY COURT  
 FOR THE NORTHERN DISTRICT OF CALIFORNIA

**In re**

**A.F. EVANS COMPANY, INC.,**

**Debtor.**

**Case No. 09-41727 EDJ**

**Chapter 11**

**AMENDMENT TO  
 STIPULATION REGARDING  
 CASH COLLATERAL  
 AND ADEQUATE PROTECTION**

This Amendment to Stipulation Regarding Cash Collateral and Adequate Protection (this "Amendment") is dated as of March 9, 2009, and is entered into by and between the debtor in the above-captioned Chapter 11 case, A. F. Evans Company, Inc., a California corporation (the "Debtor"), and City National Bank, a national banking association ("CNB").

**RECITALS**

A. The Debtor and CNB have entered into a Stipulation Regarding Cash Collateral and Adequate Protection dated as of March 6, 2009 (the "Stipulation").

B. During the process of the Debtor's making its application to the Court for authority to pay certain payroll obligations related to employees outside of its corporate office and working on site at the debtor's partnership affiliates ("Site Employees"), CNB and the Debtor became aware that the budget attached as Exhibit A to the Stipulation was incomplete, in that it did not reflect that the payment of such Site Employees is made by the Debtor, and that the funds required

1 to pay such Site Employees at the partnership level flow through the Debtor.

2 C. To address the foregoing, CNB and the Debtor desire to amend the Stipulation and  
3 to revise the budget, as set forth below.

4 **WHEREFORE**, the parties hereby amend the Stipulation as follows:

5 **AGREEMENT**

6 1. Amendment and Restatement of Budget. The budget attached to the Stipulation is  
7 hereby amended and restated by the revised budget attached hereto as Exhibit A, and all references  
8 in the Stipulation to the "Budget" shall refer to the attached revised budget.

9 2. Amendment to Section 2 (Consent to Use Cash Collateral). Section 2(a) of the  
10 Stipulation is amended to add the following at the conclusion thereof:

11 "Notwithstanding the foregoing, amounts paid by the Debtor for any portion  
12 of the "Estimated Site Related Payroll Disbursements" category reflected on  
13 the Budget shall be funded solely by, and shall not at any time individually  
14 or in the aggregate exceed, the Debtor's "Estimated Site Payroll Receipts"  
15 held by the Debtor, as reflected by the Budget."

16 3. Amendment to Section 7(b) (Segregation of CNB Cash Collateral). Section 7(b) of  
17 the Stipulation is amended to add the following at the conclusion thereof:

18 "The Debtor shall segregate "Estimated Site Payroll Receipts" into a  
19 separate payroll account, to be used solely for the purposes of receiving  
20 "Estimated Site Payroll Receipts" and disbursing the same in payment of  
21 "Estimated Site Related Payroll Disbursements" amounts as contemplated  
22 in Section 2(a) above ("Site Payroll Account"). The Debtor shall take all  
23 steps as may be necessary to ensure that each applicable affiliate  
24 partnership: (i) remits to the Debtor the appropriate amounts for wages,  
25 withholding and other payroll and wage-related expenses associated with  
26 the services of each Site Employee to the extent applicable to such affiliate  
27 partnership, but not for Site Employee service applicable to the Debtor or to  
28 any other affiliate partnership, and (ii) remits such amounts to the Debtor in

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a timely manner so as to permit the Debtor's timely payment of such Site Related Payroll Disbursements. Subject to the requirement of Section 2 above that amounts paid by the Debtor for any portion of the "Estimated Site Related Payroll Disbursements" category reflected on the Budget must be funded solely by, and shall not exceed, the Debtor's "Estimated Site Payroll Receipts" held by the Debtor, the Debtor may sweep funds from the Site Payroll Account into its general payroll account for the limited purpose of paying Site Related Payroll Disbursements from the general payroll account, but only as and when necessary to permit timely payment of such amounts from the payroll account. The Debtor shall provide to CNB, upon its request from time to time, such evidence as may be appropriate to demonstrate that the requirements of this Section 7(b) have been satisfied."

4. No Other Modifications. Except as expressly set forth in this Amendment, all terms and provisions of the Stipulation remain unchanged, and the Stipulation, as amended by this Amendment, is hereby confirmed and ratified.

5. Signatures. This Amendment may be executed in counterparts. Facsimile signatures are acceptable. The attorney for any party may sign on behalf of that party. Each attorney signing for its client represents it has authority to bind its client to this Stipulation and each party shall be deemed to have authorized its attorney to sign on its behalf.

[signature page follows]

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Dated: March 9, 2009

Kornfield, Nyberg, Bendes & Kuhner, P.C.

By: Eric A. Nyberg /s/  
(Bar No. 131105)  
Attorneys for Debtor

Dated: March 9, 2009

Pepler Mastromonaco LLP

By: T. Scott Bucey /s/  
(Bar No. 202657)  
Attorneys for City National Bank


[signatures continue on following page]

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Dated: March 9, 2009

A.F. Evans Company, Inc.

By:   
Name: RICHARD A. BELL  
Title: EXECUTIVE VICE PRESIDENT

Dated: March 9, 2009

City National Bank

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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Dated: March 9, 2009

A.F. Evans Company, Inc.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Dated: March 9, 2009

City National Bank

By: Jerry M. McDermott  
Name: Jerry McDermott  
Title: VP

Amendment to Cash Coll Stip (00467359).DOC

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